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TAGS: [ECON](#) [ETRD](#) [EUN](#) [WTRO](#)
SUBJECT: FINLAND'S RESPONSE TO WTO DEMARCHE: COMMISSION
SHOULD NOT EXCEED ITS MANDATE

REF: SECSTATE 15811

Classified By: ECON SECTION CHIEF JANE MESSENGER FOR REASONS 1.4 B AND
[1D](#).

(C) Despite its high-tech, export-oriented economy, Finland is a cautious voice in the EU on agricultural concessions in the Doha Development Agenda (DDA) for reasons of history, economics and politics and is unlikely to support the Commission going beyond the limits of its current mandate, although it may be prepared to support going to the outer limits of that mandate. Econoff delivered reftel points February 9 to Matti Lassila, Director of the Unit for the EC's Common Commercial Policy at the Finnish Ministry of Foreign Affairs, who commented that he expected upcoming discussions on the DDA at the EU Trade Ministers dinner and the GAERC to be general in nature with no formal decisions taken. Finland welcomes the renewed momentum on Doha, but is clearly in the G-14 camp and will be looking carefully at how its "sensitive" products would be handled. With pressure coming from Finland's agricultural sector which has seen its subsidies cut in half since Finland joined the EU in 1995, and an industrial sector that is looking for industrial tariff cuts from Brazil and India, the Government is hard-pressed to come out forcefully for further agricultural concessions. With Finnish elections in March, the issue will be decided by the next government, but Lassila expected the government's position to essentially remain the same, even if the traditionally agrarian Center Party lost, which no one is predicting. Lassila believed progress with the EU could be made, but he feared it would likely be over the course of years, not months.

(C) Although it has only one, short growing season, Finland nonetheless views its agricultural sector as vital to its national interest. Even if the world identifies Finland with its most famous company, cell phone maker Nokia, Finns themselves have a national identity firmly rooted in agriculture. They believe that retaining an agricultural base through export subsidies and domestic support provides them with food security and the economic benefits that come with keeping their vast geographical area populated. "We don't want everyone working in factories in Helsinki," Lassila quipped. The infrastructure provided by farming also supports forestry, a key industry in Finland. In the late 1940s, following a war with Russia and an influx of refugees from Karelia, agricultural subsidies provided a form of assistance to the Karelian refugees, who would have otherwise been unable to support themselves. Over fifty years later, the assistance continues in this economically depressed region. For these reasons, Finland's Agriculture Ministry is holding fast to the aid given to the agriculture sector. The Foreign Trade Ministry is looking for some concrete economic benefit it can take to Finland's Parliament to demonstrate that ultimately some gain comes with the pain. Lassila noted that with world trade growing 8% last year despite no Doha round progress, Finnish industry hasn't exactly been vigorous

in pushing for resolution. Lassila counseled that the best approach for the U.S. may be to exploit the ambiguity in the Commission's mandate to push it toward some breakthrough.

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